

AGENDA

Clackamas County Audit Committee

August 12, 2024, 2:00PM (recorded¹)

Zoom Meeting ID: <https://clackamascounty.zoom.us/j/87237840493>

Committee: Tootie Smith, Clackamas County Chair
Ben West, Clackamas County Commissioner
Jane Vetto, Legal Counsel
Rod Cook, Director of Health, Housing and Human Services
Christina McMahan, Director of Juvenile Services
Josh Kam, Public Member
Scott Johnson, Public Member
Michael Osborne, Public Member
Wendy Rader, Public Member, County Budget Committee Liaison

Committee Staff: Elizabeth Comfort Director, Finance
Patrick Williams, Deputy Finance Director
Sue Unger, Accounting Manager
Bouavieng Bounnam, Sr Grant Accountant

Agenda

1. Introductions:
 - New member: Wendy Rader – Budget Committee Liaison
2. Approval of August 9, 2023 meeting minutes
3. FY 2023 Audit Results
4. Clackamas County Audit Planning for Fiscal Year 2023-2024
5. Audit preparation schedule
6. Open for Other Items
7. Adjourn

The Audit Committee meets several times a year, with independent auditors, to assist in planning and reviewing results of the audits; as well as recommending a course of action to staff and/or the Board of County Commissioners. The Committee also provides review and independent oversight of the County's financial reporting processes, internal controls and independent auditors.

¹Recordings will be saved for one year from the meeting date and will be provided upon request.

Clackamas County Audit Committee - Minutes

July 12, 2023, 1:30PM (recorded¹)

Committee Present: Tootie Smith, Clackamas County Chair
Mark Shull, Clackamas County Commissioner
Stephen Madkour, Legal Counsel – arrived 1:40pm
Dan Johnson, Director, Transportation & Development
Sue Hildick, Director, Public Government Affairs

Committee Absent: Samuel Scull, Public Member
Kenny Sernach, Public Member, County Budget Committee Liaison

Committee

Staff: Elizabeth Comfort, Director, Finance
Patrick Williams, Deputy Finance Director
Sue Unger, Accounting Manager
Joseph Rosevear, Grant Manager

Additional

Attendees: Gary Schmidt, County Administrator
Kevin Mullerleile, Moss Adams
Ashley Osten, Moss Adams
Leila Annen, Moss Adams
Linu Parappilly, TS Director
Keelan Cleary, TS Deputy Director

Meeting began at approximately 1:34PM

Introductions

Chair Smith opened the meeting and the attendees introduced themselves.

Approval of the Previous Meeting Minutes

- November 2, 2022 (included in meeting invitation & sent out with the agenda)

Mr. Shull made a motion to approve the minutes. Seconded by Mr. Johnson, the motion was unanimously passed by 4 attending members. Minutes were not approved because there wasn't a quorum due to Mr. Madkour arriving after the motion. Minutes will be presented for approval at the next meeting.

Chair Smith opened the meeting for community comment. There were none attending.

Clackamas County Audit Fiscal Year 2021-2022 – Moss Adams

Ms. Osten shared a prepared presentation regarding audit results for FY21-22. She is the engagement reviewer. She introduced the Moss Adams team and outlined their responsibilities on the audit. Report of independent auditors issued an unmodified opinion was issued in April and an additional opinion on Oregon minimum standards and whether we met those specific requirements which was also a clean opinion with no control or compliance findings identified. No budget over expenditures were reported.

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Single Audit Finding (page 19 of FY22 Single Audit 6-30-2022)

Ms. Osten continued the presentation regarding the FY21-22 Single Audit. The County receives and spends more than \$750,000 in Federal funding. The report on single audit on major federal programs has one significant deficiency in internal controls over compliance where a report was issued late without proof of an extension from US Treasury. In this type of engagement they were required to report it as a significant deficiency.

The single audit tested 5 major programs totaling about \$79.2 million. (See audit presentation materials.) The single audit was issued June 29th.

Mr. Mullerleile spoke on the requirements and responsibilities of auditors under GAAP and Government Auditing Standards. The planned scope and timing of the audit was adjusted in December 2022. An extension was requested from the State to issue by mid-April and was completed and issued on April 10th, so the approved extension was met. There were no unusual transactions to report. A big change this Fiscal Year was the implementation of GASB 87 on leases and DebtBook was implemented to assist with lease management. Management did a great job implementing this. There were a lot of changes to the major funds due to the new chart of accounts. Regarding Management judgements & Accounting estimates, OPEB pension liabilities require a lot of estimates when coming up with PERS liability for State and Agencies. No questions with the estimates that management made. No difficulties in performing the audit this year. No audit adjustments which would be a material number that management would need to correct. One adjustment was identified that wasn't material but is presented related to investments where the County did not report certain investments at fair value, instead they were posted at book value. \$7.7 million was in government activities and \$1.6 million in business type or enterprise funds. They also worked with County Counsel regarding legal matters and if anything needs to be disclosed, if a liability and needs to be called out on financial statement. There was nothing. There were no disagreements with management.

Ms. Comfort asked Moss Adams to expand on what significant deficiencies are vs. material weaknesses and what we should be watching for when we receive these. Mr. Mullerleile said that in either case they need to be actions identified and corrected. Significant means that it is important enough to present to the committee but not be elevated to a material weakness. If it relates to compliance, there isn't necessarily a dollar amount, but the number of occurrences is considered. If it is 5 or more for a particular federal programs expenditure that would probably be considered material. If there are only 1 or 2 instances, it would be considered significant deficiency so wasn't material but was important enough to report to the committee. Chair Smith asked in there are controls in place to avoid this happening again. Ms. Comfort said that Finance is working on a process with Grants to track and report on grants communication specifically regarding extensions in the case of the significant deficiency over compliance for the Emergency Rental Assistance Program. Central Finance is getting more involved with departments and divisions to maintain the documentation on every grant that requires it.

Dan Johnson had a request regarding capital assets discussions between departments and Finance on enhanced education on depreciation, etc. Educating more staff regarding capital assets and having a more standardized process. Ms. Comfort stated that there is a capital asset function in PeopleSoft that Finance will be implementing. Finance can do a Q&A on how we are going to roll out this feature regarding capital asset tracking.

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Ms. Osten spoke regarding best practice recommendations items that were communicated in a prior year or identified in the current year. All prior year items have been resolved. Last year a specific fund was identified that should have been reported as a major fund that Moss Adams identified and then this was corrected. There was also an instance of land that had been purchased that was misclassified. It wasn't material to the financial statements, more of a best practice recommendation around property classification and making sure they are in the appropriate bucket. There is one comment that has been ongoing the last several years about drafting timely financial statements. We are considering this resolved because State extensions were properly applied for and met. If ongoing incremental progress is made to meet the Dec. 31 deadline, then that is considered met.

New recommendations regarding communications between Treasurers and Finance and unidentified reconciliations. Ms. Comfort stated that regular meetings between Brian Nava, Treasurer and Finance have been established to improve communications. There are weekly audit check in meetings as well. This will help with timely communication and reconciliation of these reports.

Ms. Osten spoke to the recommendation regarding maintaining documentation of grant reporting compliance, including the history of when reports are submitted to ensure an appropriate audit trail. This is a unique reporting item because some requirements were changed part way through, and it was very confusing. That this was the only significant deficiency is very good. There was a lot of Covid funding that came to the County with a lot of differing requirements so we don't want to downplay a significant deficiency but also Federal agencies are looking at continuing deficiencies in the same program year after year with no change. In this instance it seems unlikely to reoccur and has been the only one over the last number of years. This shouldn't impact the County in the short term.

Mr. Mullerleile stated that there was no evidence of the County consulting with any other accountants on matters that would impact the audit, there were no other significant written communications besides the required management representation letter and no fraud or non-compliance that needed to be reported.

Ms. Annen spoke regarding the TS debrief memo and recommendations. The scope of this work included PeopleSoft Financial, PeopleSoft HR & Ascend (used for taxation purposes). This work was performed between July and August 2022 and testing was done until the end of Oct. 2022 making sure that their information was correct and accurate. The exit meeting was April 11, 2023.

There is an internal control deficiency regarding change management, there isn't a lot of proactive review of changes in the systems regarding which people have access to systems and can make changes in production. There needs to be a monitoring control and TS is working on implementing that review of that activity. The proactive review was new in 2022 as Moss Adams worked with the County on understanding the restriction of development access is not going to happen and brainstorming alternatives. Chair Smith asked for clarification on what this means. Ms. Annen explained in less technical terms what the applications do, specifically PSFS and PSHR. There are 3 types of applications, one hosted by the vendor that the County doesn't touch, one is applications hosted by the County but very similar to the first and then the third type where the County is actively making changes to the functionality. PSFS and PSHR are the third option. This means users within the County can make changes to how a calculation is done for the entire system. The goal is to either limit this for some users or to have a proactive monitoring system in place to review development before it is put into production. Ms. Comfort

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directed the committee to the IT review updates with the improvements laid out towards addressing these issues. Chair Smith had a question about the systems speaking to each other. Ms. Annen stated that some do and some don't and it is not required that they do. Sometimes systems can't speak to one another, and manual entry is the best option. Chair Smith asked if the systems speaking to each other is a goal to work toward. Ms. Annen stated that this isn't an audit goal. Ms. Comfort stated that this would be a good long-term goal if our systems and programs could work that way. There are shortcuts for manual entry, and it is not all transaction-by-transaction entries.

There were some access issues where a person was termed but did not have their access removed. The control didn't work but no audit exposure issue occurred. PSFS issues were identified, and solutions have been partially implemented, and they are still working on that.

Ms. Osten presented new reporting statements for FY22-23. GASB 91 surrounding conduit debt obligation is not expected to affect the County significantly. GASB 94 is if the County has any sort of partnership with public-private and public-public partnership and availability payment arrangements. It very technical and it will take some review around contracts to see if it impacts the County. We are keeping an eye on this to see if there is an impact for the County. GASB 96 is very similar to 87 relating to software if we are paying a subscription, it will be recorded as a subscription-based information technology arrangements. DebtBook should allow for compliance with this standard, but Finance will need to analyze this to determine if there are any longer-term IT arrangements being paid for.

Mr. Shull asked for clarification on scope and results 2022 slide under internal control deficiencies under security and access deficiencies and asked Ms. Parappilly if she was comfortable with corrective actions as of today and in agreement on that. Ms. Parappilly confirmed that she agrees, and they are actively working on solutions.

Independent Auditor Contract Update

Ms. Comfort stated that there were two extensions on the last auditor RFP with Moss Adams contract but that there was a new solicitation this year and Moss Adams submitted their RFP proposal and were the only submission. The County is large and complex involving a lot of component units and the large County audit, and the procurement process was followed through all the appropriate steps. A committee reviewed to make sure they were comfortable with the proposal and they unanimously approved the new Moss Adams contract for 2023-2027. The contract is signed and in place. We anticipate the audit process will be much smoother in the future with the new chart of accounts.

Audit Schedule for fiscal year ending June 30, 2023

Ms. Comfort has postponed this discussion until the August 9th at 2pm committee meeting.

Audit Committee Membership

There are 2 vacancies and 3 applications. Mr. Kam has applied for the vacancy due to his expired term and there are 2 other applicants. Mr. Schmidt will take these to the BCC at the Issues meeting on Tuesday August 1st for next steps.

Other Items

The next committee meeting is August 9th.

Ms. Hildick had a process question about presenting audit findings to the BCC to discuss before the Audit Committee. She feels like it might have been helpful for the audit committee to review

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in advance. Mr. Schmidt answered that the BCC always hears first and because there was a weakness finding, even though it was low risk, he felt they should hear it first.

Chair Smith opened for other items of discussion. None was brought up. She thanked the committee and Moss Adams for their work.

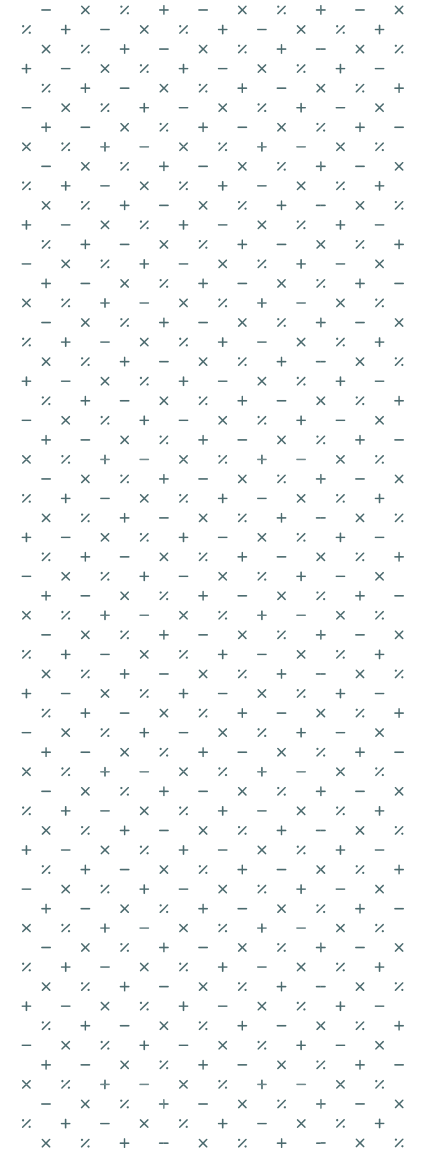
Meeting Adjourned at 2:31pm

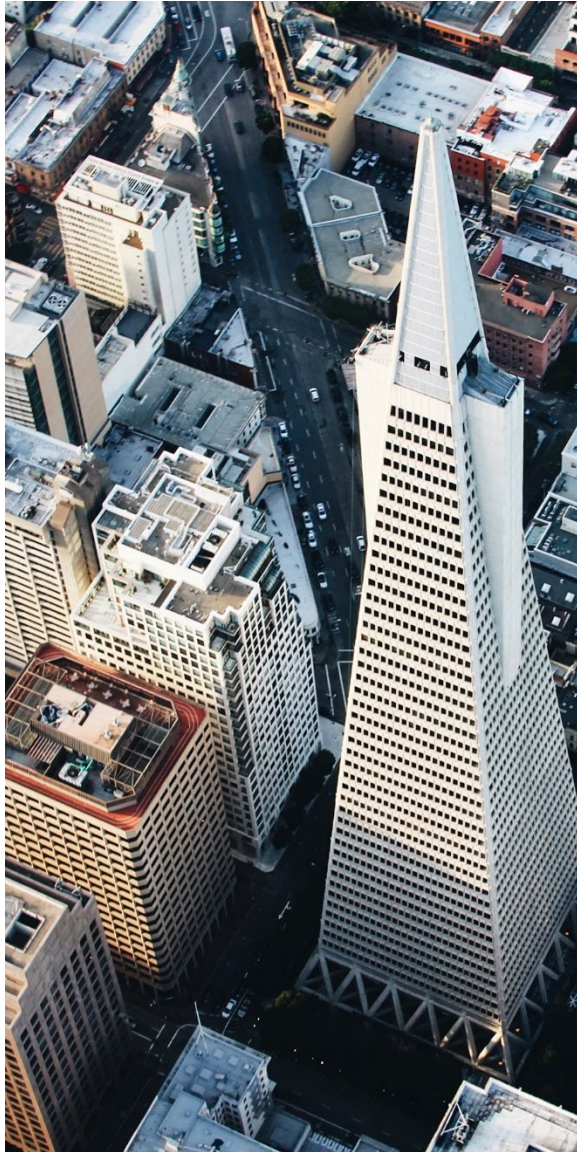
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FY23 Audit Results

Better Together: Moss Adams & Clackamas County





Agenda

1. Auditor Opinions and Reports
2. Areas of Audit Emphasis
3. Required Communication with Those Charged with Governance
4. Other Information



Your Dedicated Team



Ashley Osten
*Engagement Reviewer
and Partner*



**Amanda McCleary-
Moore**
*Concurring Reviewer
and Partner*



Kevin Mullerleile
*Senior Manager and
Delegated Engagement
Reviewer*

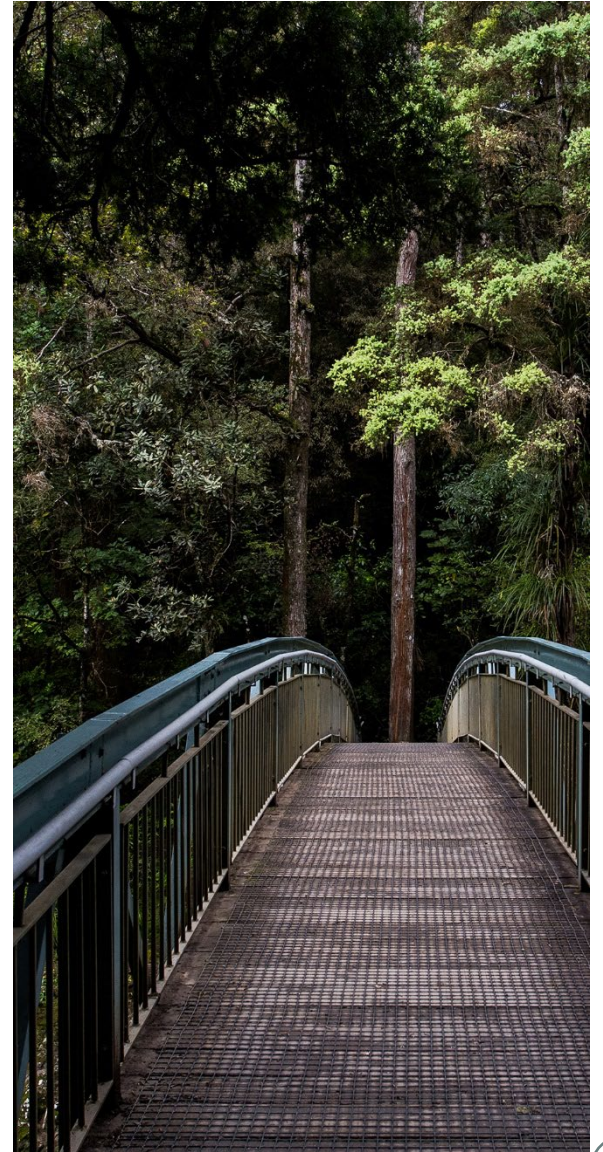


Ben Tellin,
*Senior, IT Consulting
Group*





Auditor Opinions & Reports



Auditor Reports on the County's Financial Statements

Report of Independent Auditors

- Unmodified opinion
- Financial statements are presented fairly in accordance with US GAAP

Report of Independent Auditors Required by Oregon State Regulations

- One significant deficiency in internal controls over financial reporting
- One excess expenditure over appropriation
 - County School Fund



Other Auditor Reports – Single Audit

GAGAS Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

- One significant deficiency in internal controls over financial reporting
- No compliance findings

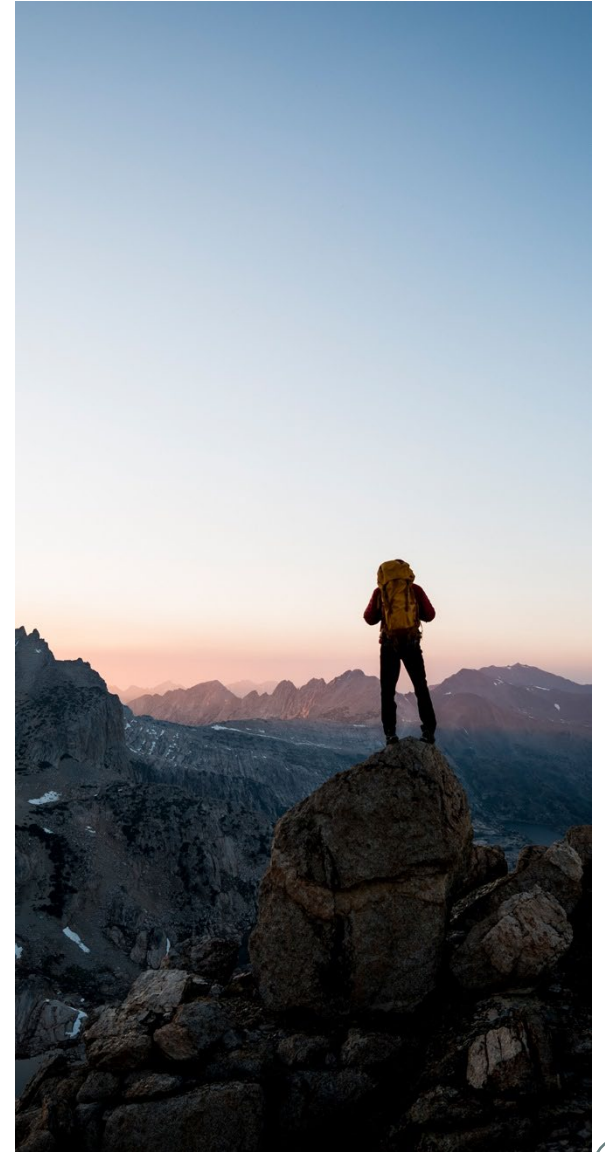
Report on Compliance with Requirements that could have a Direct and Material Effect on the Major Federal Programs and on Internal Control Over Compliance in accordance with the Uniform Guidance for Federal Awards (2 CFR Part 200)

- One significant deficiency in internal controls over the reporting compliance requirement for the COVID-19 - Health Center Program Cluster
- No compliance findings





Areas of Audit Emphasis



Areas of Audit Emphasis

- Internal control environment – revenue, capital assets, payroll, cash disbursements, financial close and reporting, pension and OPEB liabilities, investments, long-term debt, information technology general controls
- Net pension liability – recognition of the County’s share of the liability for County employees’ future pension obligations as part of Oregon PERS; employer liability and related deferred inflows/outflows including selections of new hires and contributions made by the County
- Net OPEB liability – recognition of the County’s liability for County employees’ future OPEB obligations as part of County’s single employer plan; employer liability and related deferred inflows/outflows including selections of new hires and contributions made by the County
- Bond activity – tested debt repayments and compliance with disclosure requirements
- Capital assets – tested additions, retirements, and depreciation
- Revenue recognition – revenues from charges for services and property taxes tested using substantive analytical procedures; sampling grant revenues and fees revenue and performing detailed testing; considered collectability of receivables
- Net position – consideration of classification for unrestricted, restricted, and net investment in capital assets



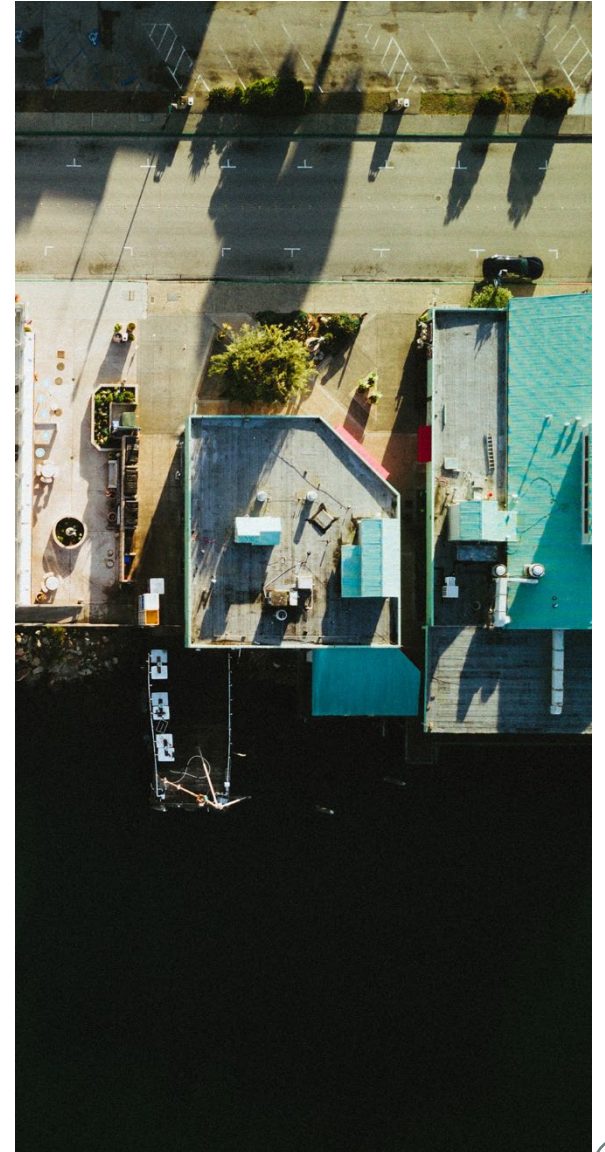
Areas of Audit Emphasis

- Information technology – review of change management, security and access, as well as operations
- Single Audit – tested five major programs totaling \$63.7 million in expenditures during the year ended June 30, 2023
 - COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
 - COVID-19 – Emergency Rental Assistance Program
 - COVID-19 – Health Center Program Cluster
 - Highway Planning and Construction
 - Federal Lands Access Program





Communication with Those Charged with Governance



Our Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

1 To express our opinion on whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.

2 To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and *Government Auditing Standards* issued by the Comptroller General of the United States, and design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

3 To consider internal control over financial reporting and internal control over compliance as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

4 To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process and administering federal awards. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



Planned Scope & Timing of the Audit

It is the auditor's responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence and to communicate with those charged with governance an overview of the planned scope and timing of the audit.

Our Comments

The County's June 30, 2023 financial statements were required to be filed with the Secretary of State by December 31, 2023. The County applied for and received an extension until March 31, 2024. The Housing Authority experienced delays in preparing its books for audit for a variety of reasons including a change in accounting systems and a vacant finance manager position.

Due to the Housing Authority audit being completed on April 30, 2024, the County's audit report was issued May 16, 2024. This met the State's second approved extension.

The County's federal awards audit was also completed on May 16, 2024.



Significant Accounting Policies & Unusual Transactions

The auditor should determine that the Committee is informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine that the Committee is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Our Comments

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in the notes to the financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. The following new accounting standard was implemented and impacted the current year financial statements:

- *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*

We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.



Management Judgments & Accounting Estimates

The Committee should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

Our Comments

Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the financial statements.

Significant management estimates impacting the financial statements include the following: Useful lives of capital assets, allowances for doubtful accounts, and estimated liabilities for claims and judgments, OPEB, and PERS.

We deemed the estimates to be based on reasonable inputs and assumptions and consistently applied.



Difficulties Encountered in Performing the Audit

The Committee should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit.

Our Comments

No significant difficulties were encountered during our audit.



Significant Audit Adjustments & Unadjusted Differences Considered by Management to be Immaterial

The Committee should be informed of all significant audit adjustments arising from the audit. Consideration should be given to whether an adjustment is indicative of a significant deficiency or a material weakness in County's internal control over financial reporting, or in its process for reporting interim financial information, that could cause future financial statements to be materially misstated.

The Committee should also be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.

Our Comments

No corrected audit adjustments were identified as a result of our audit procedures.

One uncorrected audit adjustment was identified – The County didn't report certain investments at fair value as of June 30, 2023. Had this been corrected, investments and unrealized earnings on investments would decrease in the governmental activities by \$9.2 million.



Potential Effect on the Financial Statements of Significant Risks & Exposures & Uncertainties

The Committee should be adequately informed of the potential effect on the financial statements of significant risks and exposures and uncertainties that are disclosed in the financial statements.

Our Comments

The County is subject to potential legal proceedings and claims that arise in the ordinary course of business, which are disclosed in the notes to the financial statements.



Disagreements with Management

Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to County's financial statements, or the auditor's report.

Our Comments

We are pleased to report that there were no disagreements with management.



Deficiencies in Internal Control

Any material weaknesses and significant deficiencies in the design or operation of internal control that came to the auditor's attention during the audit must be reported to the Committee.

Our Comments

- **Material weakness**
 - None noted
- **Significant deficiencies & non-compliance**
 - One significant deficiency in internal controls over financial reporting
 - One significant deficiency in internal controls over the reporting compliance requirement for the COVID-19 - Health Center Program Cluster



Management's Consultation with Other Accountants

In some cases, management may decide to consult about auditing and accounting matters. If management has consulted with other accountants about an auditing and accounting matter that involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

Our Comments

We are not aware of any significant accounting or auditing matters for which management consulted with other accountants.



Other Material Written Communications

Report to the Committee significant written communications between the auditor and client management.

Our Comments

Other than the audit contract, management representation letters, and communications to those charged with governance, there have been no other significant communications.



Fraud & Noncompliance with Laws and Regulations

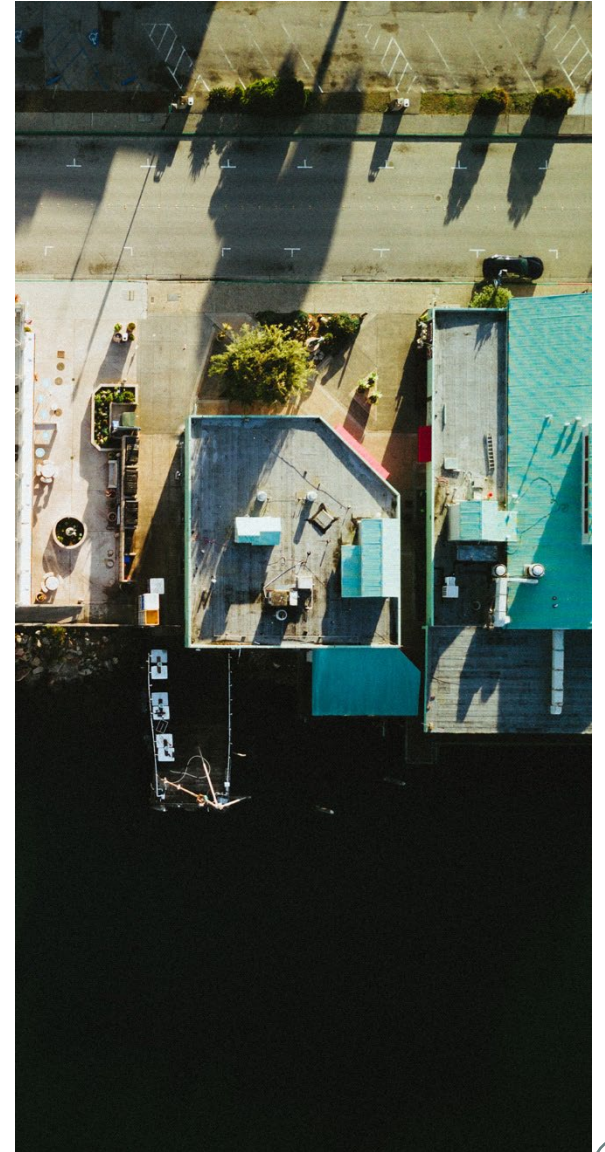
Fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements should be communicated. We are also required to communicate any noncompliance with laws and regulations involving senior management that come to our attention, unless clearly inconsequential.

Our Comments

We have not become aware of any instances of fraud or noncompliance with laws and regulations.



Information Technology Overview



Scope and Results for 2023

Scope

- PeopleSoft Financials
- PeopleSoft Human Resource Management
- Ascend

Status

- Walkthroughs: August 21 – August 30
- OE Testing: August 21 – September 15
- Exit Meeting: April 10, 2024
- Debrief Memo: Finalized to include management responses May 3, 2024

Internal Control Deficiencies

CHANGE MANAGEMENT

- A proactive review has not been implemented to monitor or validate change activities to mitigate the risks presented with developers maintaining access to migrate changes to production (*Continued from FY22 and Updated in FY23*)
- Users with development responsibilities have access to migrate changes to Production and/or maintain admin access to Production for PeopleSoft Financials and PeopleSoft HCM (*Continued from FY22 and Updated in FY23*)
- Approvals for changes deployed to the production systems for PeopleSoft Finance and HCM were not present/documented within all change requests (*New in FY23*)

SECURITY AND ACCESS

- Access to PeopleSoft HCM was not properly segregated among key business areas such as Payroll, Benefits, and Leave Administration, creating an elevated risk for financial misstatement as unauthorized or inappropriate changes could be made without managerial oversight (*New in FY23*)
- Periodic end-user access to PeopleSoft HCM has not been formally implemented; evidence of review for PeopleSoft Finance and Ascend is not retained (*Continued from FY22*)
- A review of administrative permissions to the databases supporting in-scope applications is not performed by management (*Continued from FY22*)

Process Improvement Opportunities

OTHER AREAS

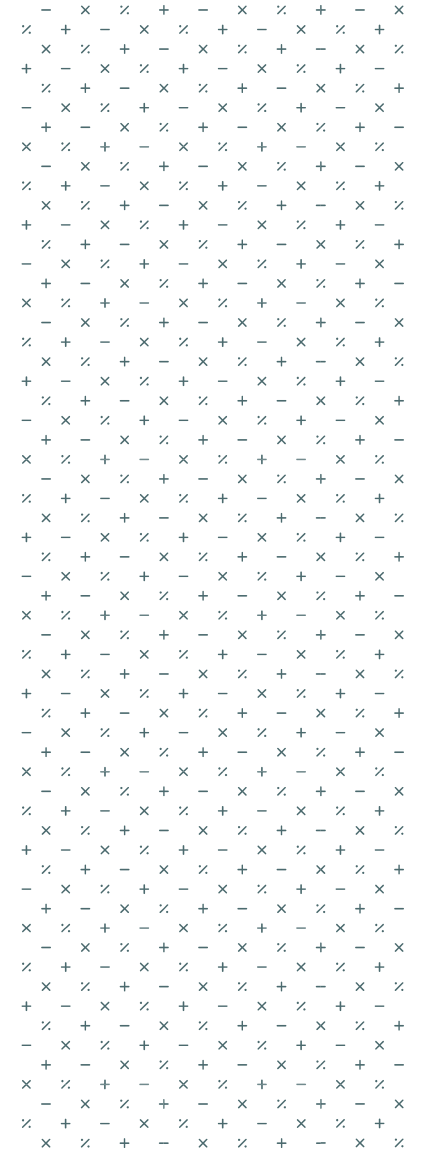
- Computer workstations contain local administrator access that some users may access and utilize to perform elevated actions on the local machine (*New in FY23*)





FY24 Audit Entrance

Better Together: Moss Adams & Clackamas County



Audit Committee Members

Dear Audit Committee Members:

Thank you for your continued engagement of Moss Adams LLP, the provider of choice for governmental organizations. We're pleased to present our audit plan for Clackamas County for the year ending June 30, 2024. We'd also like to discuss current-year developments and standards that will affect our audit.

We welcome any questions or input you may have regarding our audit plan, and we look forward to working with you.



WE'RE
ALL
IN



Your Dedicated Team



Ashley Osten
*Engagement
Reviewer and
Partner*



**Amanda
McCleary-Moore**
*Concurring
Reviewer and
Partner*



**Kevin
Mullerleile**
*Senior Manager
and Delegated
Engagement
Reviewer*



Ben Tellin
*Senior,
IT Consulting Group*



Required Communications to Those Charged with Governance



Our Responsibilities

Assess if the financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit doesn't relieve you or management of your responsibilities.

Perform an audit in accordance with:

- Generally accepted auditing standards issued by the AICPA
- *Government Auditing Standards* issued by the Comptroller General of the United States

Design the audit to provide assurance about whether the financial statements are free of material misstatement.

Consider internal controls over financial reporting and compliance as a basis for designing effective audit procedures.

Communicate findings that are relevant to your responsibilities in overseeing the specific matters of the financial reporting process and administering federal awards.

When applicable, communicate particular matters required by law or regulation, by agreement with you, or by other requirements applicable to the engagement.



Audit Process



Internal Controls

- Includes walkthroughs and testing of key controls over significant accounting cycles
- Includes information technology



Analytical Procedures

- Revenue and expenses
- Trends, comparisons, and expectations



Substantive Procedures

- Confirm account balances
- Vouch to supporting documentation
- Representations from attorneys and management
- Examine objective evidence



What's Materiality?

It's the amount of a misstatement that could influence the economic decisions of users, taken on the basis of the financial statements.



It's calculated using certain **quantitative** (total assets, total revenues, total net position) and **qualitative** factors (covenants, expectations, or industry factors).

It identifies:

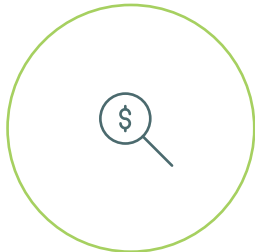
**SIGNIFICANT
RISK AREAS**

**NATURE,
TIMING, EXTENT,
AND SCOPE OF
TEST WORK**

**FINDINGS OR
MISSTATEMENTS**



Significant Risks Identified



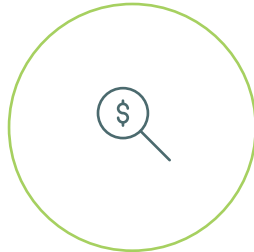
**REVENUE
RECOGNITION
AND VALUATION
OF
RECEIVABLES**



**EXISTENCE OF
CASH AND
VALUATION OF
INVESTMENTS**



**EXISTENCE AND
VALUATION OF
CAPITAL ASSETS**



**FINANCIAL CLOSE
AND REPORTING**



**PENSION AND
OPEB LIABILITY
AND RELATED
PENSION AND
OPEB EXPENSE**



**COMPLIANCE
WITH FEDERAL
LAWS AND
REGULATIONS
AND OREGON
MINIMUM
STANDARDS**



Consideration of Fraud



AUDITORS MUST CONSIDER FRAUD TO “IMPROVE THE LIKELIHOOD THAT AUDITORS WILL DETECT MATERIAL MISSTATEMENTS DUE TO FRAUD IN A FINANCIAL STATEMENT AUDIT.”

To identify fraud-related risks of material misstatement, we:

- Brainstorm with the engagement team
- Meet with the County’s Internal Auditor
- Conduct interviews with elected officials and various personnel within and outside the Accounting department
- Document understanding of internal control
- Consider unusual or unexpected relationships identified in planning and performing the audit

Procedures we perform:

- Examine general journal entries for nonstandard transactions
- Evaluate policies and accounting for revenue recognition
- Test and analyze significant accounting estimates for biases
- Evaluate rationale for significant unusual transactions



IT General Controls Assessment

2024 Scope

Systems

- Peoplesoft Financials
- PeopleSoft Human Resource Management (HCM)
- Ascend
- Other systems if identified as relevant to financial reporting

Areas of Focus

- Change Management
- Logical Security and Access
 - Segregation of Duties (PS HCM)
- Operations (backups and batch processing)
- Cybersecurity Questionnaire

Schedule

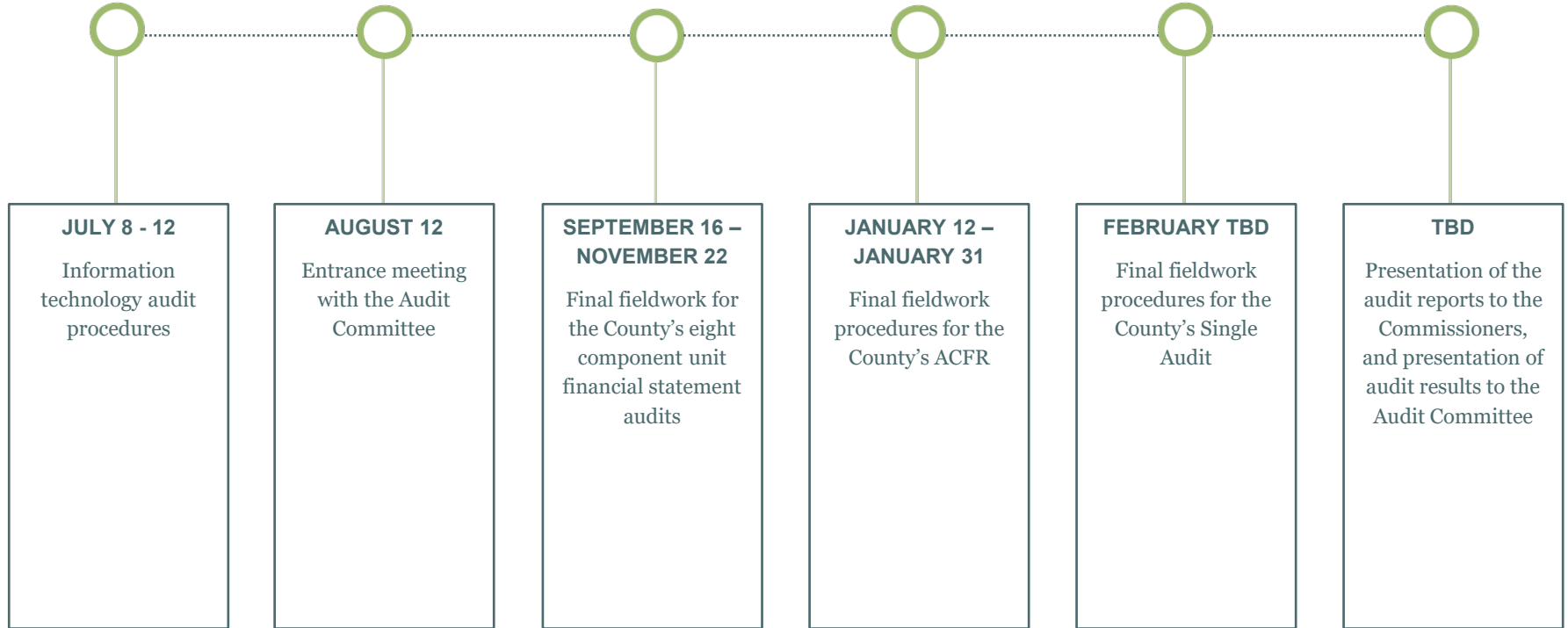
- Walkthroughs: July 8– July 16
- OE Testing: July 10– September 6, extended as needed
- Exit Meeting: TBD
- Debrief Memo: TBD



Audit Fieldwork Timing

2024

2025



Planned Audit Report Issuance Dates

Blended Component Units

- Extension and 4-H SD September 30, 2024
- Library SD October 1, 2024
- Service District No. 5 October 2, 2024
- Enhanced Law Enforcement District October 3, 2024
- NCPRD November 8, 2024
- WES November 18, 2024
- HACC November 22, 2024
- Development Agency December 19, 2024

County

- ACFR February 28, 2024
- Single Audit March 31, 2024



Recent Accounting and Auditing Standards Developments





Standards to be Adopted in 2024

Accounting Standards:

GASB Statement 100, Accounting Changes and Error Corrections

Refines and clarifies definitions and treatment of three kinds of accounting changes

- (1) Changes in accounting principle
- (2) Changes in accounting estimate
- (3) Change to or within the financial reporting entity

Auditing Standards:

SAS 143, Auditing Accounting Estimates and Related Disclosures

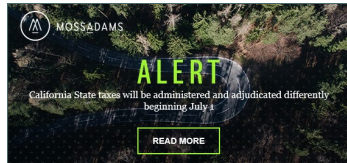
SAS 145, Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement



INDUSTRY FOCUS

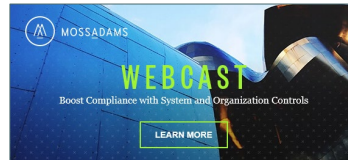
An Array of Resources

In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. These resources offer what you need to know, when you need to know it, and in the format that fits your life.



Articles & Alerts

Industry-specific insight and important tax and assurance updates



Webcasts

On demand and live sessions with our professionals on technical and timely topics

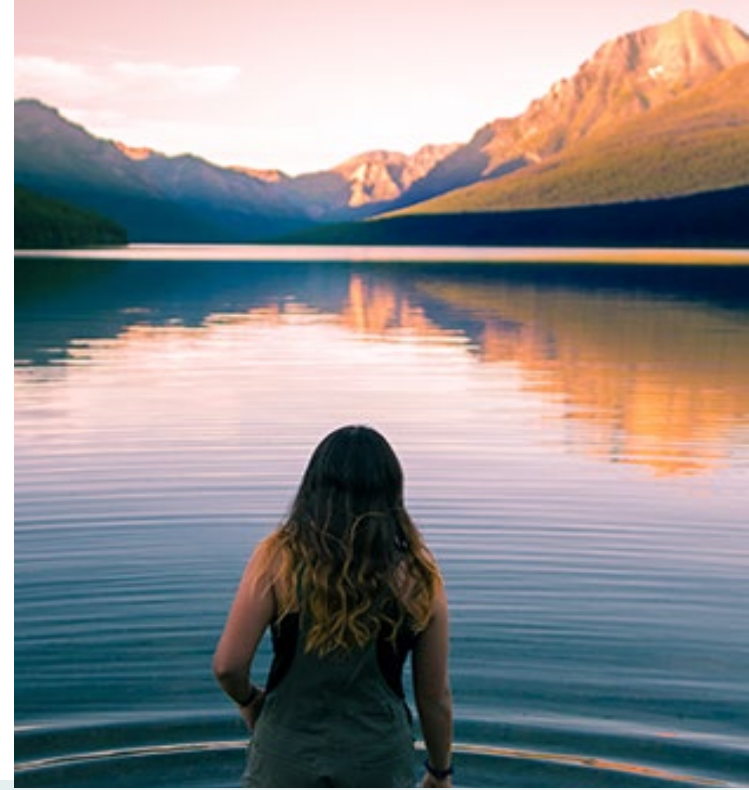


Reports & Guides

A more in-depth look at significant changes and subjects across the accounting landscape



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